

ASSEMBLY BILL

No. 866

Introduced by Assembly Member Niello

February 26, 2009

An act to amend Section 10089.26 of the Insurance Code, relating to the California Earthquake Authority.

LEGISLATIVE COUNSEL'S DIGEST

AB 866, as introduced, Niello. California Earthquake Authority.

Existing law requires the California Earthquake Authority to issue policies of basic residential earthquake insurance to any owner of a qualifying residential property, as specified.

This bill would state, instead, that the authority is required to issue a policy of basic residential earthquake insurance to any owner of a qualifying residential property, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10089.26 of the Insurance Code is
- 2 amended to read:
- 3 10089.26. (a) The authority shall issue ~~policies~~ *a policy* of
- 4 basic residential earthquake insurance, including earthquake loss
- 5 assessment policies for individual condominium unit properties,
- 6 to any owner of a qualifying residential property, as long as the
- 7 owner has secured a policy of residential property insurance from
- 8 a participating insurer.

1 (1) For purposes of this section, earthquake loss assessment
2 coverage shall be issued in a minimum amount of fifty thousand
3 dollars (\$50,000) for individual condominium units valued at more
4 than one hundred thirty-five thousand dollars (\$135,000).
5 Earthquake loss assessment coverage shall be issued in a minimum
6 amount of twenty-five thousand dollars (\$25,000) for individual
7 condominium units of one hundred thirty-five thousand dollars
8 (\$135,000) in value or less. The value of the land shall be excluded
9 when determining the value of the condominium, as it relates to
10 the earthquake loss assessment coverage offered by the authority.

11 (2) The panel shall submit to the board, and the board shall
12 approve, rates for earthquake loss assessment coverage that
13 reasonably balance the earthquake loss assessment coverages
14 offered and the potential exposure to earthquake loss resulting
15 from an earthquake loss assessment policy as compared to the
16 coverages offered and the potential exposure to earthquake loss
17 resulting from residential property other than individual
18 condominium policies.

19 It is the intent of the Legislature, to the extent practicable, that
20 rates charged by the authority to condominium loss assessment
21 policyholders and residential property owner policyholders are
22 treated equitably, and that a proportionate share of premiums is
23 paid for potential exposure to loss, to the authority.

24 (b) Nothing in this section shall prohibit a participating or
25 nonparticipating insurer from offering a condominium earthquake
26 loss assessment policy for different amounts of coverage other
27 than those offered by the authority.